

**WORKING CAPITAL FUND BOARD
MINUTES OF MEETING
MARCH 25, 1998**

The meeting was brought to order by Archer Durham at 1:30 p.m.

Attendees: See attached list.

(1) INTRODUCTION

- C The Chair acknowledged Maria Mikitka, OMB
- C There will be two opportunities for Working Capital Fund training, in Germantown (3/30-4/1) and Forrestal (4/7-4/9). The Chair indicated that there remained some spaces available and that Board members could contact Pete Richards to arrange attendance.
- C The Secretary called attention to an insert in the meeting briefing materials, subject: "Communicating with the WCF". He asked Board members to submit any comments or suggestions, so that an updated version could be prepared for the Blue Book during the coming summer.

(2) APPROVAL OF MINUTES OF FEBRUARY 26, 1998 MEETING

The Secretary cited changes recommended by CFO (pg6) subject: use of program funds to pay for WCF services. It was noted that comments offered by CFO were important and that the matter required attention, but that these matters may not have been formally addressed at the February meeting. The Board voted to accept minutes as drafted.

(3) INSPECTOR GENERAL AUDIT(S)

- (a) Gwen Cowan, Acting Director of the Office of Procurement Policy presented a paper entitled "Audits and Contract Administration Management Plan". The purpose of the Plan is to document how audit funding requirements will be identified and allocated, since contract audits are no longer in the Fund. The Plan envisions use of the Working Capital Fund Dispute Resolution Council in the event of disagreements.

Ms. Cowan requested Programs to commit now to an allocated funding amount for FY's 1999 and 2000, to finalize funding plans by April. She indicated that the specific funding citations will be solicited later; the near-term question is to ensure that program officials agree to the level of charges.

It was recognized that there may be further modifications to this plan, including

provisions dealing with treatment of unexpended balances of annual appropriations. It was recognized that even though the audits are not in the Fund, the Board provides a useful forum for communication on issues that may arise. Board members were asked to provide Ms. Cowan with their comments by April 15, 1998.

- (b) The Board was provided an updated version of the Policy on Quarterly Reviews, incorporating editorial changes submitted since the prior meeting. This policy is intended to respond to one of the Inspector General audit recommendations. The Board voted to adopt the Policy as revised.
- (c) FY 1998 IG Audit Notification: The Board was provided a copy of the Inspector General's notification of the FY 1998 audit. The Board Secretary noted that this will not include a financial statement audit of FY 1998, because it will occur between April and June, before year end. However, based on the entrance conference, held earlier on March 25, 1998, the IG planned to focus on measures of effectiveness of the Fund.

The Board Chair expressed his welcome of the audit and his expectation that it would be beneficial to both the fund and to its customers.

John Clark (ER) asked who was devising performance measures for the fund, and whether they apply to customers. Howard Borgstrom responded that the Fund staff members are currently collecting usage information for all business lines from the perspective as a service provider. The Fund does not collect information from the viewpoint of the customer. Because the Fund does not evaluate the efficiency of customer decisions, the FY 1998 improvements for the Fund focus on implementing process improvements with respect to the recommendations of the FY 1997 Inspector General audit.

Some Board members expressed concerns with IG's intent to examine performance measures as a means of controlling costs. The Board Secretary was asked to obtain clarification from the IG, including the IG plans for customer involvement in selection of measures.

In response to a Board question regarding whether there remains an issue with respect to the costs of the audit, the Board Secretary indicated that he believed this would not be an issue in the current year.

(4) **FY 1999 BUDGET - Q'S & A'S**

The Chair called attention to the draft Q's & A's on the Fund included with the meeting briefing materials. The general content of the answers provided is that:

- C Spending level has gone down
- C Key measures of consumption have gone down
- C Costs with vendors are down

Comments on Q's and A's were invited by the Board Chairman - there were none.

(5) **BUSINESS LINE BRIEFING: Information Services**

A panel briefed the Board on the potential for creating an information services business line. The panel consisted of Brian Costlow, Denise Diggin, Mary Ann Wallace, Walt Warnick (OSTI) and Vince Brooks.

NOTE: Presentations are only summarized here. Persons who wish to obtain copies of the presentation materials may contact Dean Smith at 586- 6761.

Overview (Costlow): This consisted of a graphic presentation of: (1) information throughputs and products, with metrics showing the volume of activity for several types of products; (2) current sources of funding and; (3) use of funds by each general category of information service. Overall, approximately \$6 million will be spent in FY 1997 for a range of activities. Over half the funding will be derived from program appropriations, both HQ and field.

Library Services: Denise Diggin's presentation focussed on the Technical and Law libraries in Headquarters, including the expanded use of timesharing, the shared library network, and other electronic support to meet information needs. Overall, the Headquarters technical libraries have over 100,000 items in the collection and acquire approximately 2000 subscriptions.

Electronic Technical Journals (OSTI): Walt Warnick described the DOE efforts to acquire professional and technical journals electronically, using the DOE purchasing power to obtain favorable rates. Since electronic and paper copies need to be purchased together, there is a need to coordinate between the Library and OSTI staffs.

Timesharing Service: Ronald Shores provided an overview of timesharing services that are now funded from a variety of sources. Two of the largest customers, the Libraries and the Office of the General Counsel, are funded from the Departmental Administration budget, but they really serve all of Headquarters. Use of these services is expanding rapidly because of the flat rate contracts that were negotiated wherein the usage appears unlimited to the user. At the current usage rate, these two customers will cost the Department about \$738K in FY 98 even though only about \$330K has been budgeted. The concern with these flat rate contracts is that current usage becomes the basis for negotiating future years' flat rate contracts, such that DOE costs could rise rapidly. As a result, flat fee contracts may not be available in the future requiring DOE to pay "full

price" for these services.

Pricing Policy Options: Vince Brooks provided an overview of the types of pricing policy options the group would consider, including two general categories of costs: (1) Direct (Measured Usage) and (2) Indirect ("Infrastructure"). In response to a Board question, it was indicated that the group had not yet "scrubbed" the cost levels to see if they could be reduced before consideration was given on how to allocate them. Also, the working group had not correlated pricing options with specific services. Guidance was requested from Board members as to next steps to be taken by Working Group. It was agreed that the Group would continue to develop options and estimates of associated costs for presentation at the April Board Meeting.

Fund Type: There was a discussion regarding the apparent current use of program, versus program direction, funds for some of the items that might be included in the Information Services business line. While the discussion was not conclusive, it pointed to the need to address this issue.

(6) **MEETING PLANS**

The next Board meeting has been scheduled for Wednesday, April 29, 1998, at 1:30 P.M. (8E-089)

(7) **ADJOURN**

Meeting was adjourned at 3:00 P.M.

ATTENDEES:

BOARD:

PO Peg Weathers
ER John R. Clark
NN Tom Ryder
EI Steve Durbin
NE John Kotek
EM Lesley Gasperow
HR Archer Durham
CR Tom Dehanas
GC Ralph Goldenberg
WT Mike Mescher

PARTICIPANTS:

Maria Mikitka - OMB	Denise Diggin
Vince Brooks	Charlie Morris
Diane Friis	Stanley Cobb

Laurie Smith
Linda Sye
Brian Klug
Brian Costlow
Pete Richards
Fran Feiner
Ann Warnick
Bobby Tierney
Terry Sheppard
Ron Shores
Tom Tamura
John Harrison
Frank McCann - EE
Barry Schrum - IG
Woody Fisher - CR
Scott Chayette - NTEU
TJ Hopkings - CI
Laura Brown - CI
Camille Jagessar - PO
Amos Street
Linda Whitted - PO
Dan Bullington - GC
Susan Smith
Roscoe Harris
Pete Grahm
Louie D'Angelo
Mary Ann Wallace
Gwen Cowan
Walt Warnick - OSTI
Bill Gillison
Gail Stern - FE
Marlene Snyder
Linda Rudnick - ED
Mike Parrino - NR
Bill Eaton - GC
Virginia Bitler
Don Frizzell
Terry Byce - Soza
Bill White - CR (Brown & Co.)